

Media release



Friday, 13 November 2015

SLT group revenue up by 6%, with healthy EBITDA margins, in 1st nine months - 2015

Sri Lanka Telecom, the national telecom services provider released its company and group financial performance, for the 3rd quarter 2015. The group comprises of Sri Lanka Telecom and its eight subsidiaries including mobile arm Mobitel (Pvt) Ltd., (Mobitel).

The group reported Rs. 50.8 bn revenue during the nine months ending in September 2015 with 6% year on year growth with both fixed and mobile telephone segments contributing to the success. The group has reported a healthy EBITDA margin of 32.3% during the period under review against the 30.9% of the same period of last year due to maintenance of higher revenue growth than the rate of operating cost escalation. The operating cost of the group was reported at Rs. 34.4 bn with a year on year growth of 4%, while the EBITDA grew by 11% to Rs. 16.4 bn during the 1st nine months of 2015, when compared to the same period of the previous year. Depreciation and amortizations remains at the same level of Rs. 9.8 bn, compared to the previous year.

Bottom-line of financials of the group was largely negated by provisions for foreign currency translation losses relating to foreign currency denominated borrowing due to the sudden depreciation of the LKR against the USD. Most of the borrowings of the group are dollar denominated as to gain low interest costs. Since, the repayments are going through the internally generated foreign denominated revenues, provisions for translation losses are generally not impacting the group cash-flows.

Owing largely to the above mentioned provisions for translations losses, the group profit before tax and profit after tax have dipped by 18% and 19% to Rs. 5.4 bn and Rs. 4.1 bn respectively.

Holding Company Sri Lanka Telecom alone has reported Rs. 30.2 bn revenue during the 1st nine months of 2015, with a year on year growth of 5%. Accelerated i-Sri-Lanka program providing high-speed broadband, voice and IPTV Connectivity Island wide, coupled with other large investments in capacity building and introducing new technologies such as LTE and FTTH, have driven the revenue growth. The operating costs of the Company for the 1st nine months of 2015 was managed at an

Media release



acceptable level of 2% increase year on year while the Company EBITDA by 13% to Rs. 8.2 bn. EBITDA margin has improved to 27.3% from 25.3% of the same period of last year.

As explained above the impact of losses from foreign currency translations have largely impacted dipped the bottom lines of the Company financial performance. Accordingly Company Profit Before Tax and Profit After Tax have ended at 27% and 29% during the nine months ending in September 2015, compared to the same period of year before to Rs. 2.2 bn and Rs. 1.4 bn respectively.

Group Chief Executive officer Mr. Dileepa Wijesundera looking at the group future through present performance stated that the initiatives taken across the group to accelerate the capacity building projects while minimizing the time taken for market offerings will boost the group performance in every aspect. Results for the 1st nine months of 2015 is evident of this phenomenon, he said.

Mr. Kumarasinhe Sirisena the Group Chairman stated that the investment friendly economic climate evolving in the country is benefitting to the SLT group too. Company performance and economic development of the country are interdependent. According to him all the arrangements have been made within the group to embrace opportunities arising through the economic development of the country.

The mobile arm Mobitel continued to grow despite intensifying competition in the market. Revenue for the first nine months of 2015 increased to Rs. 24.4 bn, up by 8% compared to corresponding period in 2014. The revenue growth was mainly driven by the increase in Broadband and Value Added Services.

Backed by the robust growth in revenue, Mobitel was able to record a growth in EBITDA and EBIT for the first nine months of 2015 which grew by 9% and 36% respectively YoY. It was aptly supported by operational efficiencies and lower costs due to reduction in input prices such as fuel and electricity expenses. The Profit After Tax for the first nine months of 2014 was recorded at Rs. 2.7 bn compared to the same of Rs. 2.6 bn in first nine months of 2014. The exchange rate fluctuation in the 3rd quarter of the year triggered a considerable reduction in profits of the company. However it is noteworthy that the company excelled in reporting a Profit After Tax growth by 5% despite these external challenges.

About Sri Lanka Telecom

Sri Lanka Telecom PLC. (SLTL) is the nation's number one integrated ICT solutions provider. The Company is also the major provider of ICT networks and services for top enterprises and multinational corporations

Media release



representing all economic sectors and other operators & ISPs, public sector, small, medium & micro business and domestic customers facilitates them with seamless and sophisticated connectivity to carry out local and global business operations. The SLT Group provides a full range of ICT facilities and services in the areas of voice, data, broadband, wholesale, enterprise, TV and mobile services. One of the key strategic objectives of the Group is to drive broadband-based consumer and enterprise services by expanding the broadband footprint via Next Generation Network and National Backbone Network and Next generation access of ADSL2+, VDSL2, Optical fibre, Carrier-grade Wi-Fi and both fixed and mobile 4G LTE technologies. SLT aims to be a key regional player by offering state-of-the-art global services provided through multiple international undersea cable systems. Thus, the company has made major investments in international submarine cable systems such as SEA-ME-WE 3, SEA-ME-WE 4, SEA-ME-WE 5 (New), Bharat-Lanka submarine cable system and Dhiraagu-SLT submarine cable system.